

SERFF Tracking Number: WAKE-125754834 State: Arkansas
Filing Company: Life Insurance Company of Alabama State Tracking Number: 39835
Company Tracking Number:
TOI: H07I Individual Health - Specified Disease - Sub-TOI: H07I.002A Dread Disease - Cancer Only
Limited Benefit
Product Name: LOA Unl CA Rate 2008
Project Name/Number: LOA/072008

Filing at a Glance

Company: Life Insurance Company of Alabama

Product Name: LOA Unl CA Rate 2008 SERFF Tr Num: WAKE-125754834 State: ArkansasLH

TOI: H07I Individual Health - Specified Disease SERFF Status: Closed State Tr Num: 39835
- Limited Benefit

Sub-TOI: H07I.002A Dread Disease - Cancer Co Tr Num: State Status: Approved-Closed
Only

Filing Type: Rate Co Status: Reviewer(s): Rosalind Minor
Author: Jennifer Snell Disposition Date: 08/14/2008
Date Submitted: 08/04/2008 Disposition Status: Approved-Closed

Implementation Date Requested: 10/01/2008 Implementation Date:

State Filing Description:

General Information

Project Name: LOA

Project Number: 072008

Requested Filing Mode: Review & Approval

Status of Filing in Domicile: Pending

Date Approved in Domicile:

Domicile Status Comments: This filing is currently pending in the home domicile state of Tennessee.

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact: 15%

Filing Status Changed: 08/14/2008

State Status Changed: 08/14/2008

Corresponding Filing Tracking Number:

Market Type: Individual

Group Market Size:

Group Market Type:

Deemer Date:

Filing Description:

RATE INCREASE FILING

INDIVIDUAL CANCER PLANS WITH UNLIMITED CHEMOTHERAPY BENEFITS

FORM NUMBERS: CA-AK-1984, HC3991, HC597-97

<i>SERFF Tracking Number:</i>	<i>WAKE-125754834</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Life Insurance Company of Alabama</i>	<i>State Tracking Number:</i>	<i>39835</i>
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>H071 Individual Health - Specified Disease - Limited Benefit</i>	<i>Sub-TOI:</i>	<i>H071.002A Dread Disease - Cancer Only</i>
<i>Product Name:</i>	<i>LOA Unl CA Rate 2008</i>		
<i>Project Name/Number:</i>	<i>LOA/072008</i>		

The Company is requesting a rate of 15.0% increase in premiums. The rate increase will become effective on the later of the next premium due date after approval or 12 months from the last rate increase implementation date.

For your information, the filing is currently pending in the Home Domicile State of Alabama.

Wakely Actuarial Services, Inc. appreciates the Department's time and consideration in the review of this filing for the Life Insurance Company of Alabama.

Company and Contact

Filing Contact Information

(This filing was made by a third party - WAS01)

Jennifer Snell, Compliance Analyst	jennifer.snell@wakelyactuarial.com
34125 US Highway N	(727) 373-4558 [Phone]
Palm Harbor, FL 34684	(727) 373-4559[FAX]

Filing Company Information

Life Insurance Company of Alabama	CoCode: 65412	State of Domicile: Alabama
302 Broad Street	Group Code: -99	Company Type:
Gadsden, AL 35901	Group Name:	State ID Number:
(256) 543-2022 ext. [Phone]	FEIN Number: 63-0321291	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$150.00
Retaliatory?	No
Fee Explanation:	\$50 per a rate filing times 3 forms
Per Company:	No

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	08/14/2008	08/14/2008

<i>SERFF Tracking Number:</i>	<i>WAKE-125754834</i>	<i>State:</i>	<i>Arkansas</i>
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Disposition

Disposition Date: 08/14/2008

Implementation Date:

Status: Approved-Closed

Comment: We have approved a 15% level rate increase on this submission. The approval is subject to the following conditions:

1. Rate increases will not be given prior to the first annual anniversary date of any policy.
2. After the first annual anniversary date of any policy, increases will not be given more frequently than once in a twelve (12) month period.
3. All increases in rates, other than change in age or an individual moving to another geographical area, must be submitted to our Department for approval.

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Life Insurance Company of Alabama	15.000%	\$7,429	41	\$49,526	15.000%	15.000%	15.000%

<i>SERFF Tracking Number:</i>	<i>WAKE-125754834</i>	<i>State:</i>	<i>Arkansas</i>
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Health - Actuarial Justification	Approved-Closed	No
Supporting Document	Authorization Letter	Approved-Closed	No

SERFF Tracking Number:	WAKE-125754834	State:	Arkansas
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Rate Information

Rate data applies to filing.

Filing Method:	SERFF
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	15.000%
Effective Date of Last Rate Revision:	10/01/2007
Filing Method of Last Filing:	SERFF

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Life Insurance Company of Alabama	15.000%	15.000%	\$7,429	41	\$49,526	15.000%	15.000%

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Supporting Document Schedules

Satisfied -Name: Health - Actuarial Justification **Review Status:** Approved-Closed 08/14/2008
Comments:
Attachment:
AJ 2Q-2008 Unlimited AR.pdf

Satisfied -Name: Authorization Letter **Review Status:** Approved-Closed 08/14/2008
Comments:
Attachment:
Auth Ltr 2008.pdf

Life Insurance Company of Alabama (NAIC #65412)

Actuarial Memorandum for Individual A&H Rate Increase Cancer Plans with Unlimited Chemotherapy Benefits

1. Purpose of Filing

The Company is requesting a 15.0% increase in premium rates for its cancer plans with unlimited radiation and chemotherapy benefits.

The purpose of this rate filing is to demonstrate that the lifetime anticipated loss ratio of these plans meets minimum state requirements. It is not intended to be used for any other purpose.

2. Scope of Filing

This rate filing covers the following cancer plans:

<u>Plan</u>	<u>Forms in Arkansas</u>
C13	CA-AK-1984
C14	None
C22	None
C23	None
C27	HIC-700-388
C32	None
C33	None
C39	HC3991
C59	HC597-97

These plans provide similar cancer benefits and they have similar loss ratio patterns. The company has combined these forms into one group to improve statistical credibility. They have been combined in previous rate filings and will continue to be combined for all future filings.

These plans have been closed to new sales since 1999.

The number of nationwide policies/riders and annualized premium inforce as of 6/30/2008 are as follows:

	<u>Nationwide</u>	<u>Arkansas</u>
Policies/Riders	6,026	41
Annualized Premium Inforce	7,098,854	49,526

3. Reason for Rate Increase Request and Expected Effect on Premiums

The Company is requesting a 15.0% rate increase for all policyholders to account for increased costs due to medical inflation and advances in the treatment of cancer.

The rate increase will become effective on the later of the next premium due date after approval or 12 months from the last rate increase implementation date. The following summarizes the current average annualized premium per policy/rider and the expected new average after the rate increase:

	<u>Nationwide</u>	<u>Arkansas</u>
Before Increase	\$1,178	\$1,208
After 15.0% Increase	\$1,355	\$1,389

Life Insurance Company of Alabama (NAIC #65412)

Actuarial Memorandum for Individual A&H Rate Increase Cancer Plans with Unlimited Chemotherapy Benefits

4. Rate Increase History

The previous nationwide average rate increases for these plans are as follows:

<u>Plan</u>	<u>Increase Pct</u>	<u>Approximate Date</u>
C13	20.0%	July, 1988
C13	20.0%	January, 1990
C22, C23	20.0%	May, 1990
C13	15.0%	April, 1991
C22, C23	20.0%	September, 1991
C13	20.0%	April, 1992
C27, C32	20.0%	July, 1993
C13, C22, C23	20.0%	October, 1993
C13, C22, C23, C27, C32, C33, C39	20.0%	October, 1994
C13, C22, C23, C27, C32, C33, C39	17.5%	December, 1995
C13, C22, C23, C27, C32, C33, C39	20.0%	December, 1996
C13, C22, C23, C27, C32, C33, C39, C59	20.0%	September, 1998
C13, C22, C23, C27, C32, C33, C39, C59	30.0%	October, 2000*
C13, C22, C23, C27, C32, C33, C39, C59	29.0%	October, 2001
C13, C22, C23, C27, C32, C33, C39, C59	29.0%	October, 2002
C13, C22, C23, C27, C32, C33, C39, C59	15.0%	October, 2003
C13, C22, C23, C27, C32, C33, C39, C59	24.7%	October, 2004
C13, C22, C23, C27, C32, C33, C39, C59	24.7%	October, 2005
C13, C22, C23, C27, C32, C33, C39, C59	19.7%	November, 2006
C13, C22, C23, C27, C32, C33, C39, C59	14.1%	July, 2007

* The 20% increase approved in 1999 was implemented concurrently with the 2000 increase in most states.

5. Rate Justification Standard - Minimum Loss Ratios

This filing demonstrates that, after implementation of the requested increase, both the projected future loss ratio and the lifetime anticipated loss ratio for these plans are higher than the required minimum loss ratio.

Type of Coverage:	Cancer Expense
Renewal Clause:	Guaranteed Renewable
Minimum Loss Ratio:	55%

6. Projection Assumptions

- Interest - A 5.0% effective annual rate of interest has been assumed for accumulating historical experience and for discounting projected future experience to present values.
- Persistency - An annual termination rate of 15.0% has been assumed for projecting the inforce into the future, consistent with observed termination rates for this type of business.
- Claim Cost Trend - An annual rate of 19.6% has been assumed as the overall claim cost trend, composed of a 4.0% aging component (based on the slope of claim costs by age indicated in the NAIC Cancer tables, applied to the actual inforce distribution by age), and a 15.0% component for medical inflation.
- Rate Increase - A 15.0% rate increase has been assumed with an approximate effective date of 10/1/2008. A rate increase equal to the 15.0% medical trend has been assumed on 10/1 each year thereafter.

7. Data

The experience and inforce information were provided by the Company. The data was checked for reasonableness and consistency; however, we relied on the Company for the completeness and accuracy of the data. After examination, no material biases in the data were found and no adjustments were deemed necessary. The experience provided for calendar years prior to 1986 was pooled together. This experience was allocated to calendar years 1975-1985 based upon data available for all cancer plans. The experience from those years does not materially affect overall experience.

Life Insurance Company of Alabama (NAIC #65412)

Actuarial Memorandum for Individual A&H Rate Increase Cancer Plans with Unlimited Chemotherapy Benefits

8. Historical Experience

Prior to 1986 the Company pooled its experience for all cancer plans. As a result, experience for 1975-1985 has been estimated from data available for all cancer plans. Due to the limited amount of earned premium in these years and the margin by which the required minimum loss ratios are being met, the use of these estimates does not materially affect the required minimum loss ratio test.

Nationwide experience for calendar years 1975 through 6/30/2008 is as follows:

Calendar Year	Paid Claims	Claim Reserve		Incurred Claims	Earned Premium	Loss Ratio
		Beginning	Ending			
1975	3,000	-	1,000	4,000	11,000	36.4%
1976	6,000	1,000	7,000	12,000	36,000	33.3%
1977	16,000	7,000	19,000	28,000	76,000	36.8%
1978	33,000	19,000	36,000	50,000	143,000	35.0%
1979	66,000	36,000	57,000	87,000	250,000	34.8%
1980	128,000	57,000	85,000	156,000	419,000	37.2%
1981	238,000	85,000	132,000	285,000	685,000	41.6%
1982	394,000	132,000	154,000	416,000	912,000	45.6%
1983	548,000	154,000	177,000	571,000	1,237,000	46.2%
1984	642,000	177,000	263,000	728,000	1,752,000	41.6%
1985	746,000	263,000	513,000	996,000	2,409,000	41.3%
1986	969,240	513,000	1,058,856	1,515,096	3,115,478	48.6%
1987	1,960,352	1,058,856	1,490,629	2,392,125	4,319,241	55.4%
1988	3,058,682	1,490,629	1,566,453	3,134,506	5,699,232	55.0%
1989	3,508,637	1,566,453	2,085,311	4,027,495	6,452,854	62.4%
1990	4,530,856	2,085,311	1,429,352	3,874,897	6,650,604	58.3%
1991	4,323,428	1,429,352	1,332,915	4,226,991	7,338,528	57.6%
1992	4,763,372	1,332,915	1,635,753	5,066,210	8,045,806	63.0%
1993	5,586,294	1,635,753	2,004,855	5,955,396	8,033,216	74.1%
1994	5,579,037	2,004,855	1,686,169	5,260,351	7,820,061	67.3%
1995	5,924,195	1,686,169	1,894,339	6,132,365	7,721,119	79.4%
1996	6,768,047	1,894,339	1,845,604	6,719,312	7,890,677	85.2%
1997	5,971,844	1,845,604	2,007,029	6,133,269	8,136,590	75.4%
1998	5,983,497	2,007,029	2,399,070	6,375,538	7,928,131	80.4%
1999	7,701,560	2,399,070	2,468,462	7,770,952	8,058,715	96.4%
2000	8,734,641	2,468,462	1,934,543	8,200,722	7,798,176	105.2%
2001	6,342,041	1,934,543	1,876,389	6,283,887	8,227,939	76.4%
2002	5,771,437	1,876,389	1,638,168	5,533,216	8,028,476	68.9%
2003	5,332,742	1,638,168	1,640,151	5,334,725	8,042,374	66.3%
2004	5,281,850	1,640,151	1,896,855	5,538,554	7,857,257	70.5%
2005	4,987,261	1,896,855	1,655,146	4,745,552	7,784,822	61.0%
2006	5,002,745	1,655,146	1,469,114	4,816,713	7,630,861	63.1%
2007	4,436,126	1,469,114	1,111,060	4,078,072	7,376,321	55.3%
2Q 2008	2,192,314	1,111,060	1,506,304	2,587,558	3,602,935	71.8%
Total:	117,530,198			119,036,502	171,489,413	69.4%
		Accumulated at 5.0%		209,913,108	312,598,641	67.2%

9. Current Loss Ratio at 6/30/2008

The current loss ratio is defined as the 2007 - 2Q 2008 historical incurred claims adjusted to current claims levels, divided by the 2007 - 2Q 2008 historical earned premium adjusted to current premium rate levels.

Calendar Year	Historical Earned Premium	Current Rate Level Factor*	Current Earned Premium	Historical Incurred Claims	Claim Trend Factor**	Current Incurred Claims	Current Loss Ratio
2007	7,376,321	1.068	7,880,905	4,078,072	1.196	4,877,374	61.9%
2Q 2008	3,602,935	1.000	3,602,935	2,587,558	1.046	2,705,969	75.1%
Total			11,483,840			7,583,344	66.0%

* Adjusts for any rate increases previously implemented.

** Applies a 19.6% claim cost trend from the midpoint of the period to 6/30/2008.

Life Insurance Company of Alabama (NAIC #65412)

Actuarial Memorandum for Individual A&H Rate Increase Cancer Plans with Unlimited Chemotherapy Benefits

10. Projected Future Experience

Future experience has been projected for 20 years using the current loss ratio at 6/30/2008, annualized premium in force at 6/30/2008, and the rate increase and persistency assumptions, as follows:

Calendar Year	Persistency Factor*	Projected Earned Premium w/o Increase	Current Loss Ratio Factor**	Projected Incurred Claims	Rate Increase Factor***	Projected Earned Premium with Increase	Projected Loss Ratio
6/30/2008 Values -->		7,098,854	66.0%				
Rest of 2008	0.960	3,408,105	69.1%	2,353,528	1.072	3,654,786	64.4%
2009	0.850	6,034,026	79.0%	4,765,538	1.191	7,185,872	66.3%
2010	0.723	5,128,922	94.5%	4,844,646	1.370	7,024,190	69.0%
2011	0.614	4,359,584	113.0%	4,925,067	1.575	6,866,146	71.7%
2012	0.522	3,705,646	135.1%	5,006,824	1.811	6,711,657	74.6%
2013	0.444	3,149,799	161.6%	5,089,937	2.083	6,560,645	77.6%
2014	0.377	2,677,329	193.3%	5,174,430	2.395	6,413,030	80.7%
2015	0.321	2,275,730	231.1%	5,260,325	2.755	6,268,737	83.9%
2016	0.272	1,934,370	276.5%	5,347,647	3.168	6,127,691	87.3%
2017	0.232	1,644,215	330.6%	5,436,418	3.643	5,989,818	90.8%
2018	0.197	1,397,583	395.4%	5,526,662	4.189	5,855,047	94.4%
2019	0.167	1,187,945	473.0%	5,618,405	4.818	5,723,308	98.2%
2020	0.142	1,009,753	565.6%	5,711,670	5.540	5,594,534	102.1%
2021	0.121	858,290	676.5%	5,806,484	6.372	5,468,657	106.2%
2022	0.103	729,547	809.1%	5,902,872	7.327	5,345,612	110.4%
2023	0.087	620,115	967.7%	6,000,859	8.426	5,225,336	114.8%
2024	0.074	527,098	1157.4%	6,100,474	9.690	5,107,766	119.4%
2025	0.063	448,033	1384.2%	6,201,741	11.144	4,992,841	124.2%
2026	0.054	380,828	1655.5%	6,304,690	12.816	4,880,502	129.2%
2027	0.046	323,704	1980.0%	6,409,348	14.738	4,770,691	134.3%
2028	0.039	275,148	2368.1%	6,515,743	16.948	4,663,350	139.7%
Total				114,303,308		120,430,213	94.9%
		Discounted at 5.0%		70,260,873		79,029,091	88.9%

* Applies a 15.0% annual termination rate from 6/30/2008 to the midpoint of the period.

** Projects the current loss ratio using a 19.6% trend throughout.

*** Applies a one-time rate increase of 15.0% at 10/1/2008 and 15.0% increases on 10/1 each year thereafter.

11. Lifetime Anticipated Loss Ratio

The lifetime anticipated loss ratio is defined as the present value of the historical and projected future incurred claims divided by the present value of the historical and projected future earned premiums. Active life reserves are not included in this calculation.

	Present Values at 5.0%		
	Incurred Claims	Earned Premium	Loss Ratio
Historical	209,913,108	312,598,641	67.2%
Projected Future	70,260,873	79,029,091	88.9%
Lifetime Anticipated	280,173,981	391,627,732	71.5%

The projected future loss ratio and the lifetime anticipated loss ratio are both greater than the required minimum loss ratio, after implementation of the 15.0% rate increase.

Life Insurance Company of Alabama (NAIC #65412)

Actuarial Memorandum for Individual A&H Rate Increase Cancer Plans with Unlimited Chemotherapy Benefits

12. Actuarial Certification

I, J. Steven Keck, principal consulting actuary for Wakely Actuarial Services, Inc., am a member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to render this statement of Actuarial Opinion.

I hereby certify that, to the best of my knowledge and judgment, the entire rate filing was prepared based on the current standards of practice as promulgated by the Actuarial Standards Board including the data quality standard of practice; and that the benefits of the policy forms affected by the rate filing are reasonable in relation to the premiums charged. The assumptions present my best judgment as to the expected value for each assumption. The filed rates maintain the proper relationship between policies which had different rating methodologies and, in my opinion, the rates are not excessive, inadequate, or unfairly discriminatory.

Respectfully Submitted,

A handwritten signature in blue ink, reading "J. Steven Keck". The signature is written in a cursive style with a large, stylized "J" and "K".

J. Steven Keck, FSA, MAAA
Consulting Actuary
Wakely Actuarial Services, Inc.
Palm Harbor, Florida



LIFE INSURANCE COMPANY *of Alabama*

M. LYNN LOWE
Executive Vice President
& Treasurer

HOME OFFICE
P. O. BOX 349
GADSDEN, ALABAMA 35902
Phone: (256) 439-3205
Email: llowe@licoa.com

July 31, 2008

Wakely Actuarial Services, Inc.
34125 US Highway 19 North, Suite 310
Palm Harbor, Florida 34684

To Whom It May Concern:

The firm of Wakely Actuarial Services, Inc. is hereby authorized to submit forms, rate filings or other filings requiring actuarial certification for approval to the Department of Insurance on behalf of Life Insurance Company of Alabama. Revisions to the filings, as may be necessary to gain approval, are included in this authorization.

Sincerely,

M. Lynn Lowe
Executive Vice President & Treasurer